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INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE

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E.O. 12958: DECL: 01/16/2034  
TAGS: [PARM](#) [MTCRE](#) [PREL](#) [MNUC](#) [ETTC](#) [CH](#) [IR](#)  
SUBJECT: DALIAN SUNNY INDUSTRIES/LIMMT AND BELLAMAX -  
NOTIFICATION OF SANCTIONS (S)

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS  
1.4 (B), (D), AND (H).

¶1. (U) This is an action request. Embassy Beijing  
please see paragraph 4.

¶2. (S) Background: On January 15, 2009, Acting Under  
Secretary for Arms Control and International Security,  
John C. Rood, having determined that sanctionable  
activity within the meaning of U.S. missile sanctions  
law took place, approved sanctions on two Chinese  
entities: Dalian Sunny Industries (also known as: LIMMT  
Economic and Trade Company Ltd.; LIMMT (Dalian)  
Metallurgy and Minerals co.; and LIMMT (Dalian FTZ)  
Economic and Trade Organization LIMMT) and Bellamax.  
This activity involved the transfer by LIMMT of MTCR  
Category II items to Iran's Shahid Bakeri Industrial  
Group (SBIG), and in a separate case, the transfer by  
Bellamax of MTCR Category II items to Iran's Shahid  
Hemmat Industrial Group (SHIG) for use in Iran's MTCR  
Category I missile program. In addition to triggering  
sanctions under U.S. missile sanctions law, Acting  
Under Secretary Rood also determined that these  
activities by LIMMT and Bellamax contributed materially  
to Iran's program to develop missiles capable of  
delivering weapons of mass destruction, warranting the  
imposition of additional penalties in both cases under  
Executive Order 12938 ("Proliferation of Weapons of  
Mass Destruction").

¶3. (S) Objectives: We would like to notify the  
People's Republic of China (PRC) of these sanctions  
determinations and also alert the PRC to the Federal  
Register notices that will be published outlining the  
sanctions imposed on LIMMT and Bellamax.

¶4. (S) Action request: Drawing on the talking points  
in paragraph 5, which also may be left as a non-paper,  
request Embassy Beijing inform appropriate host  
government officials at the earliest available  
opportunity of the sanctions decisions made regarding  
transfers of MTCR-controlled equipment and technology  
to Iran by LIMMT and Bellamax.

¶5. Begin Talking Points/Non-Paper

(SECRET//REL CHINA)

-- We have discussed with your government on several  
occasions our long-standing concerns regarding the  
proliferation-related trading activities of the Chinese  
firms Dalian Sunny Industries (also known as LIMMT  
Economic and Trade Company Ltd., LIMMT (Dalian)  
Metallurgy and Minerals Co., and LIMMT (Dalian FTZ)  
Economic and Trade Organization) and Bellamax.

-- We requested on numerous occasions updates on your  
investigations of LIMMT and Bellamax and a report of  
any steps taken to stop these firms' proliferation

activities.

-- We also advised you several times that these firms' trade with Iran's missile program could potentially result in the imposition of sanctions under U.S. legal authorities.

-- Our sanctions review in both cases is now complete and we want to inform you that the United States has determined pursuant to U.S. law that sanctions against LIMMT and Bellamax are warranted for their involvement in missile-related transfers to Iran. The sanctions determination was made on January 15, 2009.

-- The U.S. Government made two separate determinations concerning this activity.

-- First, we determined that the activities of LIMMT and Bellamax warranted the imposition of Category II sanctions under our missile sanctions law, to include the following:

(1) Denial of all new individual licenses for the export of items on the MTCR Annex to LIMMT and Bellamax for two years;

(2) Denial of all USG contracts relating to MTCR Annex items with LIMMT and Bellamax for two years; and

(3) Prohibition for two years of the importation of all products produced by LIMMT and Bellamax.

-- Second, under Executive Order 12938, we determined that LIMMT and Bellamax assisted Iran's efforts to develop WMD-capable missiles, and imposed the following penalties against LIMMT and Bellamax and their subunits and successors for two years:

- A ban on U.S. Government procurement from LIMMT and Bellamax, including the termination of existing contracts.

- A ban on U.S. Government assistance to LIMMT and Bellamax, including ongoing projects for which funds have not been obligated.

- A ban on imports into the United States of goods, technology, and services produced or provided by LIMMT and Bellamax.

-- As part of the sanctions process, we will publish notifications of these determinations in the Federal Register. These notices will name Dalian Sunny Industries, LIMMT Economic and Trade Company Ltd., LIMMT (Dalian) Metallurgy and Minerals Co., and LIMMT (Dalian FTZ) Economic and Trade Organization, and Bellamax and describe the penalties being imposed.

-- We stress that these sanctions are imposed on LIMMT and Bellamax only. These penalties do not apply to the Chinese government.

-- We continue to consider the proliferation of WMD and missiles capable of WMD delivery one of the most serious threats to global security and regional stability, and urge you to vigorously investigate and take actions against proliferators such as LIMMT and Bellamax.

-- We remain committed to working with you to advance our shared nonproliferation goals.

End Talking Points/Non-Paper.

¶6. (U) Please slug any reporting on this issue for ISN/MTR and EAP/CM. A response is requested as soon as possible. Department point of contact is John Paul

Herrmann, ISN/MTR, 202-647-1430.  
RICE